

ANNUAL PERFORMANCE REPORT

Introduction

The aim of this Annual Performance Report (Report) is to assess how effectively Ex-Im Bank met its goals, as laid out in its 1999 Annual Performance Plan (APP). The 1999 Annual Performance Plan outlined Ex-Im Bank's goals, objectives and performance measures. This Report illustrates how successful Ex-Im Bank was in meeting its objectives and explains the results achieved for the United States through the actions of Ex-Im Bank.

Summary

Today, more than ever, Ex-Im Bank is in the vanguard of the United States' global trade promotion efforts. In our rapidly changing world, where technology has increased the speed of business, and economic shocks such as the global financial crisis provide new lessons about our world markets, Ex-Im Bank, and the United States, need both the commitment to stay the course and the ability to capitalize on new opportunities.

Ex-Im Bank's commitment is to support U.S. exports, jobs and economic growth. As the global economy becomes ever more integrated, Ex-Im Bank can make the difference between success and failure for many U.S. exporters in the world's developing markets.

1999 was a transition year for Ex-Im Bank. Recovery efforts from the Asia financial crisis continued while Ex-Im Bank began to prepare for the new millennium. These two influences led to a shift in focus to proactively searching for needs in the market and developing solutions. These changes reflect changes in the world economy and will continue into 2000 and the millennium beyond.

In 1999, 414 employees worked together to support \$16.7 billion in U.S. export sales to 74 countries. All this activity was at a cost to US taxpayers of \$676.5 million in "reserves" for potential losses and \$50.3 million in administrative expenses).

But these are just the numerical gains; with every export sale and job supported, there is a person, a family, a company, and/or a community that benefits. Even more impressive are the qualitative benefits of Ex-Im Bank activity in 1999. For example, according to Chairman Harmon, "one of the most satisfying accomplishments of the past fiscal year was our successful effort to make all of our programs, in both the public and private sectors, available in Brazil." In October of 1998, Chairman Harmon visited Brazil with three goals – to extend additional credit to Brazilian small- and medium-sized firms, to convince the government to review restrictions on short-term trade, and to resume Ex-Im Bank lending to Brazil's public sector. These objectives were made even more challenging by the particularly precarious situation in Brazil as it was threatened with devaluation and economic distress as the impact of the crises in Asia and Russia spread west. Eventually, Ex-Im Bank was able to achieve all three goals and play a role in the stabilization of Brazil.

Through the establishment of the sub-Saharan Africa Advisory Committee of private sector experts, the creation of a \$200 million Africa Pilot Program for Insurance designed to undertake short-term transactions in 16 countries, including 11 countries where Ex-Im Bank financing was previously unavailable (markets where Ex-Im was off-cover due to economic reasons), and the expansion of Ex-Im Bank's foreign currency guarantee program to include the South African Rand, Ex-Im Bank has worked to expand its activity in Africa. FY99 saw Ex-Im Bank open in the private sector for short- and medium-term financing in Nigeria and Tanzania, and completely open in the private sector in Mozambique, where it had been off cover for 30 years. As a result, in 1999 Ex-Im Bank provided loans, guarantees, and insurance in Africa of \$600 million, an eleven-fold increase over the \$50 million done in Africa in 1998.

Ex-Im Bank did not just grow its business in Africa in FY99. During FY99, Ex-Im Bank concluded significant export financing agreements with Mexico, Venezuela, and Turkey. Ex-Im Bank also signed a \$250 million, two-year agreement with the city of Buenos Aires in June 1999; this landmark agreement was Ex-Im Bank's first direct financing agreement with a city.

In addition, Ex-Im Bank further leveled the playing field for U.S. exporters by implementing another leg in the OECD Export Credit Agreement. The new OECD fee agreement standardizes minimum country risk exposure fees, reducing the likelihood that a cheap exposure fee becomes the deciding factor in a lost U.S. export sale.

Ex-Im Bank achieved these accomplishments and many more while working on its core activities – to create opportunities for the private sector to take risk, neutralize foreign Export Credit Agency (ECA) competition, and ensure that Ex-Im Bank only takes on risks where there is a reasonable assurance of repayment.

The Three Goals for 1999

In 1999, Ex-Im Bank had three goals: Make a Difference for U.S. Exporters, Maximize Taxpayer Value, and Provide Outstanding Customer Service. The next three sections of this report discuss Ex-Im Bank's progress towards these three goals. Each section will discuss both Ex-Im Bank's ability to meet its targets established in its Annual Performance Plan and the unanticipated benefits that were achieved in response to the environment in which Ex-Im Bank operated in 1999.

Ex-Im Bank's mandates indicate much of what it should not do, i.e. do not compete with the private sector – and what it should do to minimize its activities, i.e. negotiate away government support for exports. Nonetheless, Ex-Im Bank exists to help US exporters. Every year Ex-Im Bank devises a strategy on how it can best balance the opposing objectives of taking risk while not losing taxpayer dollars and aggressively supporting US exports to markets where the private sector fears to tread. Early versions of this planning exercise become the Annual Performance Plan, but constant refinement and reaction to day-to-day events in the world of export finance create opportunities for new

initiatives to be pursued throughout the year. Thus, this report is the story of what Ex-Im Bank planned and what it achieved.